

QUONSET DEVELOPMENT CORPORATION
MEETING OF BOARD OF DIRECTORS

SEPTEMBER 20, 2016

PUBLIC SESSION MINUTES

A meeting of the Board of Directors of the Quonset Development Corporation (the “Corporation”) was held at 5:00 p.m. on Tuesday, September 20, 2016, at the offices of the Corporation located at 95 Cripe Street, North Kingstown, Rhode Island, pursuant to notice to all members of the Board of Directors and a public notice of the meeting as required by the By-Laws of the Corporation and applicable Rhode Island Law.

The following members constituting a quorum were present and participated throughout the meeting as indicated: Guy Asadorian, Jr., Susan Leach DeBlasio, Carol H. Hueston, Scot A. Jones, John Justo, Gregory A. Mancini, Kerry P. McKay and James Rugh. Absent were: Shannon E. Brawley, Stefan Pryor and Guillaume de Ramel. Also present were: Steven J. King, P.E., Managing Director; John R. Pariseault, Secretary and Corporation’s staff and members of the public.

1. CALL TO ORDER:

The meeting was called to order at 5:07 p.m. by Vice Chairman Asadorian.

2. APPROVAL OF MINUTES:

A. Upon motion duly made by Mr. Justo and seconded by Mr. Jones, the Board:

VOTED: To approve the Public Session Minutes of the August 16, 2016 meeting as presented.

Voting in favor were: Guy Asadorian, Jr., Susan Leach DeBlasio, Carol H. Hueston, Scot A. Jones, John Justo, Gregory A. Mancini, Kerry P. McKay and James Rugh.

Voting Against were: None.

Unanimously Approved.

B. Mr. Asadorian requested the Executive Session Minutes of the August 16, 2016 meeting be amended to change “salary” to “total compensation” on page 2, paragraph 4, lines 1, 2 and 3.

Upon motion duly made by Ms. Hueston and seconded by Mr. McKay, the Board:

VOTED: To approve the Executive Session Minutes of the August 16, 2016 meeting as amended.

Voting in favor were: Guy Asadorian, Jr., Susan Leach DeBlasio, Carol H. Hueston, Scot A. Jones, John Justo, Gregory A. Mancini, Kerry P. McKay and James Rugh.

Voting Against were: None.

Unanimously Approved.

3. STAFF REPORTS:

Mr. King announced that Mr. Evan Matthews, Quonset Development Corporation's Port Director, has accepted a new position as Executive Director of the newly formed Connecticut Port Authority.

Mr. King also announced that there will be an event at the State House on September 26, 2016 at 10:30 a.m. to announce the findings of the Bryant University's economic impact study of Quonset Business Park.

Mr. King reviewed the staff report with the Board of Directors.

4. COMMITTEE REPORTS:

The Audit Finance Committee met on September 19, 2016. The Committee will give their report during the FY2016 Audited Financial Statements discussion.

5. APPROVALS:

A. Acceptance of the FY2016 Audited Financial Statements:

Ms. Nelia Kruger from O'Connor & Drew P.C. reviewed the auditor's required communications (Exhibit A) noting the Corporation's audit was conducted in accordance with generally accepted auditing standards and Government Auditing Standards. Ms. Kruger stated the Corporation received an unmodified opinion which the best opinion an entity can receive. Finally, Ms. Kruger stated it was the opinion of the auditors, that no material weaknesses or significant deficiencies were identified within internal controls and compliance with laws and regulations.

Ms. Kruger highlighted two significant transactions to the Board; 1) a receivable with Rhode Island Airport Corporation totaling \$1,700,000 as of June 30, 2016 and 2) fixed assets purchases totaling \$1,000,000 acquired through debit. Ms. Kruger pointed out that in last year's statement the Corporation's pension was reported as an asset of

\$656,075 and this year that changed to \$2,482 of a liability due to changes in the assumptions for mortality tables reflecting longer life spans. Ms. Kruger noted the specific risks presumed by audit standard and noted no pervasive financial statement fraud risks or other Corporation risks were identified.

Ms. Kruger reviewed the audited financial statements (Tab 3 of the September 19, 2016 Board of Director's packet), specifically noting the Management's Discussion and Analysis on page 7, reflecting a comparison of the FY2015 and FY2016 changes in Net Position. There was a loss in "Income before Contributed Capital" contributed to salary increases, filling of a vacant position and significant increase in engineering and consulting fees related to Pier 1 and II.

The Board discussed the change "Total Deferred Outflows of Resources" which changed from \$723,618 in FY2015 to \$188,093; again, attributing the change to the new mortality tables. Ms. Kruger noted that GASB recognizes that pension can be a volatile item so entities are allowed to take the change in position over a period of 3 to 5 years while allowing the income/expense to sit in the Deferred Inflows or Outflows.

Finally, Ms. Kruger pointed out on page 11, on the "State of Cash Flows" the ending balance of the "Net Increase in Cash and Equivalents" was \$54,801 showing the Corporation utilizes most of the incoming cash but does not have a negative cash flow status.

The Board continued to discuss the financial statements. Mr. King pointed out on page 7 under the “Management’s Discussion and Analysis”, the Corporation’s Earnings Before Interest, Taxes, Depreciation and Amortization was \$4,872,129 for the year ending June 30, 2016 and \$5,101,407 for the year ending June 30, 2015.

Mr. Asadorian stated the Audit Finance Committee did review the audited financial statements extensively and did recommend to the Board, to accept the statements and to present them to the auditor general for approval.

Upon motion duly made by Mr. McKay and seconded by Ms. Hueston, the Board:

VOTED: To accept the FY2016 Audited Financial Statements as presented to the Board, subject to approval by the State Auditor General.

Voting in favor were: Guy Asadorian, Jr., Susan Leach DeBlasio, Carol H. Hueston, Scot A. Jones, John Justo, Gregory A. Mancini, Kerry P. McKay and James Rugh.

Voting Against were: None.

Unanimously Approved.

C. Approval of a Land Lease Amendment with Calf Pasture Associates, LLC:

Mr. King introduced Mr. Bill Silkes, owner of Calf Pasture Associates, LLC doing business in the Quonset Business Park since 2000 as American Mussel Harvesters, Inc. Mr. Silkes is requesting the Board to approve a lease amendment to add 1.6 acres to his existing lease for a total 4.62 acres and he is proposing to build an additional building consisting of 5,175 SF so that he can expand his shellfish production. The proposed lease will be 50 years, however, the land under the current lease will remain at its current price per acre until the original expiration date in 2029 and then the existing land will increase to the same rate as the new parcel. The new parcel rent, less the term discount, will be \$9,000 per acre per year and will increase 12.5% every 5 years.

Mr. Asadorian asked Mr. Silkes what the new facility will do for his business and will it be consistent with the current use. Mr. Silkes stated the new facility would greatly increase their processing capacity and would essentially be within the same use as his current property.

Mr. McKay asked if the business could be run on property inland and not on the waterfront and was concerned that once the new rates began in 2030 that the cost effectiveness of the site might not be as

favorable for Calf Pasture Associates, LLC. Mr. Silkes stated the location of the business on the waterfront is ideal and allows him access to clean seawater and the harbor essential to his business and he has other locations but there are no other sites that offer all the amenities found at the Quonset Business Park location.

Upon motion duly made by Ms. DeBlasio and seconded by Mr. Rugh, the Board:

VOTED: The Corporation acting by and through its Chair, Vice-chair, Managing Director or Finance Director, each of them acting alone (the “Authorized Officers”) is hereby authorized to enter into, execute and deliver a Lease Amendment to the Ground Lease with Calf Pasture Associates, LLC in accordance with the Request for Board Authorization presented to the Board (the Lease Amendment and related documents are referred to herein collectively as the “Agreements”).

VOTED: That each of the Authorized Officers, acting singularly and alone, be and each of them hereby is authorized, empowered and directed to effectuate the intent of the foregoing resolutions by executing, delivering and performing any and all modifications, renewals, confirmations and variations of the Agreements or as any of the Authorized Officers acting singularly and alone shall deem necessary, desirable and without further specific action by this Board, and empowered and directed to prepare or cause to be

prepared and to execute, perform and deliver in the name and on behalf of the Corporation the Agreements and/or all related and ancillary agreements and documents in connection with the terms and conditions to be effectuated by the Agreements, including any and all agreements, contracts, certificates, licenses, assignments, and memorandums upon such terms and conditions and with such changes, additions, deletions, supplements and amendments thereto as the Authorized Officer executing or authorizing the use of the same and shall determine to be necessary, desirable and appropriate and in the best interest of the Corporation.

VOTED: That in connection with any and/or all of the above resolutions, the taking of any action, the executed and delivery of any instrument, document or agreement by any of the Authorized Officers in connection with the implementation of any or all of the foregoing resolutions shall be conclusive of such Authorized Officer's determination that the same was necessary, desirable and appropriate and in the best interest of the Corporation.

Voting in favor were: Guy Asadorian, Jr., Susan Leach DeBlasio, Carol H. Hueston, Scot A. Jones, John Justo, Gregory A. Mancini, Kerry P. McKay and James Rugh.

Voting Against were: None.

Unanimously approved.

6. ADJOURNMENT:

Upon motion duly made by Mr. Jones and seconded by Ms. Hueston, the meeting adjourned at 5:49 p.m.

Voting in favor were: Guy Asadorian, Jr., Susan Leach DeBlasio, Carol H. Hueston, Scot A. Jones, John Justo, Gregory A. Mancini, Kerry P. McKay and James Rugh.

Voting Against were: None.

Unanimously Approved.

Respectfully submitted:

By: _____

John R. Pariseault, Secretary